

**Pathways for
sustainable education:
from hierarchy
to holarchy**



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The changing nature of ‘development’ and current educational practices

In the neo-classical economic system that has shaped the world as we know it, a prime aim is that of development. There is a perceived order from being ‘developed’ to ‘developing’, and traditionally ‘developed’ nations offer education to ‘developing’ nation. The economic definition

for this is the level of material wealth. These development models have centered on neo-liberal economic policy, emphasising open markets, trade liberalisation, foreign investment, and macro-economic stability with the reduction of the role of the state.

Managerial education has focused on creating more of this material wealth, at the same time as encouraging ‘developing’ nations to strive for the same levels of growth. Further, Western development and the educational practices and

In this article Linda Nowakowski and Bronwen Rees show how networked community-based organisations build in their own educational pathways, which at the same time meet the requirements for sustainability and Sufficiency Economy as recommended by the UN. They liken this to a movement from hierarchic to ‘holarchic’ structures and recommend how this may be adopted in management education.

policies that support it are focused only on intellectual, technological, and economic development, whilst the personal, community and social aspects are ignored leading to the deterioration of community and society, broken social networks (including families, communities, and the government), and a hunger for depth and connection. Thus the growing economic crisis has shown us that these models and structures are no longer sustainable, and requiring both a change in our business models, and in the educational practices that support them. In our view,

development should be considered, in reality, as a never-ending path. Development encompasses personal, physical, emotional, spiritual, intellectual, and social development. Throughout the globe, both developed and developing nations are beginning to create new pathways where there is not a hierarchical distinction between developed and developing, but where the models are based on networks or 'holarchies'.

In this article we examine the networked structure of a flourishing business network in the US, and suggest that this offers new models of education and development that could contribute to sustainable business practices. We show how these structures reflect the principles of Sufficiency Economy as recommended by the UN and therefore promise much for the development of sustainable models. We note that there is a movement from 'hierarchy' to 'holarchy' and in the light of this new view, make some recommendations for managerial education and business schools.

Sufficiency Economy and sustainability

The Sufficiency Economy Philosophy is a development philosophy propounded by the King of Thailand, Bhumibol Adulyadej.¹ This philosophy has been adopted by the United Nations as the preferred paradigm for development replacing the old one where international trade and the private sector were considered the best means by which to achieve national development and wealth.

The Sufficiency Economy Philosophy shifts emphasis to a more integral development that includes spiritual, ethical, intellectual, and social domains, as well as economic.

Sufficiency entails three components:

- Moderation
- Reasonableness
- A self-immunity system, i.e. being able to cope with shocks from internal and external changes

Two underlying conditions are necessary to achieve this sufficiency:

- Knowledge (breadth and thoroughness in planning, and carefulness in applying knowledge and in the implementation of those plans are required)
- Morality (people are to possess honesty and integrity, while conducting their lives with perseverance, harmlessness and generosity)

This approach is inherently more sustainable because it takes into consideration a more integrated view of life where people and things are interconnected.

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1. Office of the Royal Development Projects Board, <http://www.rdpb.go.th/rdpb/Front/SufficiencyEconomy.aspx?p=4>, 11 September 2011

As the King has clarified:

This ‘sufficiency’ means a ‘sufficiency economy.’ It is satisfactory if each individual has enough to live on, but it is even better if the entire country has enough to live on.

We in Thailand used to be sufficient. Now, it is free to be insufficient. Therefore, it is a policy to adopt a sufficiency economy so that everyone has enough to live on. Sufficiency means to lead a reasonably comfortable life, without excess or overindulgence in luxury, but having enough.²

2. The Government Public Relations Department, <http://thailand.prd.go.th/ebook/communication/part3.php?s=3>, 11 September 2011

His Majesty also explained that Sufficiency Economy differs from the English term ‘self-sufficiency’:

Self-sufficiency means producing enough for one’s own need, without having to borrow anything from others, or as they say, standing on one’s own feet. But the Sufficiency Economy concept is much broader than that. Sufficiency is moderation. If one is moderate in one’s desires, one will take less advantage of others.

If all nations hold this concept, without being extreme or insatiable in one’s desires, the world will be a happier place.

Being moderate does not mean to be too strictly frugal; luxurious items are permissible, but one should not take advantage of others in the fulfillment of one’s desires. Moderation, in other words, living within one’s means, should dictate all actions. Act in moderation, speak in moderation – that is, be moderate in all activities.

3. *ibid.*

Therefore, sufficiency means moderation and reasonableness.³

The 2007 Human Development Report of the United Nations Development Program issued a warning ‘to avoid growth that is jobless, ruthless, voiceless, rootless, and futureless,’ with a remark on the Sufficiency Economy principle and human development:

In the light of the Sufficiency Economy approach, it’s time to add another to this list: mindless growth – where the path of growth adds nothing to the mental and spiritual capabilities of people.⁴

4. United Nations Development Programs, Thailand Human Development Report 2007: Sufficiency Economy and Human Development, <http://planipolis.iiep.unesco.org/upload/Thailand/Thailand%20HDR.pdf>, 11 September 2011

The report concludes that Sufficiency Economy is a valid approach to development:

The Sufficiency Economy offers a way to avoid mindless growth through application of a set of principles which can seem disarmingly simple, but which are rooted in observation of the real world, and underwritten by humanist theory. The appeal of the approach is that the principles are easy to grasp, but the daunting fact is that the application demands high standards of commitment and integrity. But then, if development were easy...⁵

5. *ibid*

If Sufficiency Economy provides an approach that can help in creating sustainability, then Tuerth (2010) provides a useful list of principles, which reflect these ideas and which communities could follow:

1 Triple Bottom Line value production

Businesses need to provide economic, social, and environment value to be sustainable.

2 Nature-based knowledge and technology

Principals involving the conscious emulation of nature should guide us in terms of growing our food, harnessing our energy, constructing things, conducting business healing ourselves, processing information, and designing our communities.

3 Products of service to products of consumption

The ultimate goal of business should be to deal in products of consumption. These are more short-lived items made of biodegradable materials that are non-hazardous to human or environmental health. The intermediate step is 'Products of service which are durable; goods routinely leased by the customer that are made of technical materials and are returned to the manufacturer and re-processed into a new generation of products when they are worn out. (These products are mostly non-toxic to human and environmental health but toxic materials that are used will be kept within a closed loop type system and not be able to escape into the environment).'⁶ These products of service should be replaced with products of consumption as technological advancements allow.

6. Tueth, Matthew (2010). *Fundamentals of Sustainable Business: A Guide to the Next 100 years*. Hackensack: World Scientific Publishing Co.

4 Solar, wind, geothermal and ocean energy

Energy needs should be able to be met indefinitely without deleterious effects on the environment.

5 Local-based organisations and economies

Sustainable businesses need to be locally and regionally based where individuals build strong communities that generate strong, responsive government, non-profit organisations, and businesses that work together in a dense web of partnerships and collaborations.

6 Continuous improvement process

All organisations in the community need to be flexible and open to and ready for change as conditions change and new opportunities emerge.⁷

7. *ibid*

The development of SMEs along the lines of Sufficiency Economy

In 2009 one of the authors studied eight businesses in the Denver, CO area. All of these businesses qualified as SMEs (less than 500 employees). They were a mixture of manufacturing, service, retail, and education businesses. They included brand new businesses to established businesses, the oldest of which was 18 years old. These businesses all started with 1–3 owners. All of the businesses were driven by commitment to community both in the businesses and in the geography in which they were located. All of the businesses were guided by ‘making a living’ rather than ‘making a killing.’ All except one were members of local networks affiliated with the Business Alliance for Local Living Economies (BALLE). BALLE is a national network of networks that support locally owned businesses (mainly SMEs) that are socially and environmentally responsible. Of the collective 15 owners, only one had a business related degree.

The Business Alliance for Local Living Economies (BALLE) is a network of small business networks. It was initially designed as a support network for local networks of small, ethical businesses that were looking to build or rebuild strong local economies. Many to most of the businesses were triple bottom line (TBL) businesses and most were under 300 employees.

The organisational structure of these businesses was very flat as opposed to the more typical hierarchical structure. Not one of the business owners talked about employees; they talked about associates or ‘the people that work with me.’ All of the people in the business contributed to the day-to-day operations and the development of the business. The oldest of the businesses is an employee-owned company. Only one of the founding owners has any formal business training and she made an intentional choice to give up her MBA career path to found a business that was less stressful and more related to her non-work life. All of the businesses pay a living wage. Unfortunately, like the majority of small businesses in the US, only one of the businesses (the largest) offers health care benefits. Employees are routinely cross-trained in the work required by the business to insure job coverage in unexpected situations and to allow for scheduling that accommodates people’s home lives.

Most of the businesses studied were also members of the Mile High Business Alliance. This organisation is designed to provide intentional or conscious network weaving skills to the community. They link like businesses to provide mentoring and peer-counseling as well as links to other businesses that might fit in a supply chain or be able to provide business-to-business services. Neighbourhood businesses are linked to

provide neighbourhood-based promotions. These local networks not only provide crucial business links but also form a nucleus and provide leadership for local government action.

The BALLE network: from hierarchy to holarchy

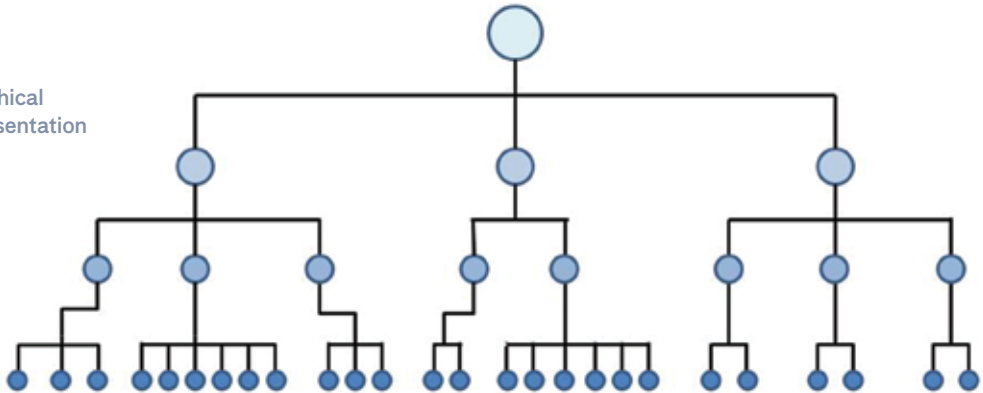
As we have seen traditional models of ‘development’ are posited upon a hierarchical model of organisation that are characterised by the ‘developed’ nations dominating the ‘developing’ nations: a model that also underpins managerial education. Even though over the past 20 years or so, there has been a call and debate about ‘flattened hierarchies’ in reality, and certainly in large public services and corporations, the pyramid model is still dominant.

All but one of the businesses above were members of, and supported by, The BALLE network whose aim, as explained earlier, was to support the development of strong local living economies. The network was designed to have open communications in both directions at all levels. By 2009, BALLE had grown to approximately 64 networks representing 17,600 small, locally owned businesses. BALLE was helping local networks to build metrics to help them understand small business impacts and providing the research necessary to deal with local economic development units. However, the small national staff were becoming overwhelmed with the requirements of the original model. By 2009 the national network was becoming less responsive to local networks and businesses and was losing its way. Announcements were made at the national conference in Denver that May that the national office was making plans to move in a new direction of national lobbying. This did not please many of the leaders of local networks nor some of the local business owners in attendance. After this conference, a number of the local networks approached the national board and voiced their dissatisfaction. After listening to them, the board dismissed all of the staff and evaluated how they could get back on track as a support organisation for grassroots networks and businesses.

The emergent organisation included some of the previous staff, and a new Executive Director whose background was as a strong, successful local network leader, and a new network structure. With the new structure BALLE was able to move back to its original model of providing research and development support for the local networks and local businesses. At the beginning of 2012, BALLE now represents 72 networks in the US and Canada that are organising and assisting over 22,000 small, locally owned businesses.

For this to happen, a small, but significant, change in the network structure took place.

Figure 1
Typical hierarchical
network representation



A traditional hierarchical network is illustrated in Figure 1.

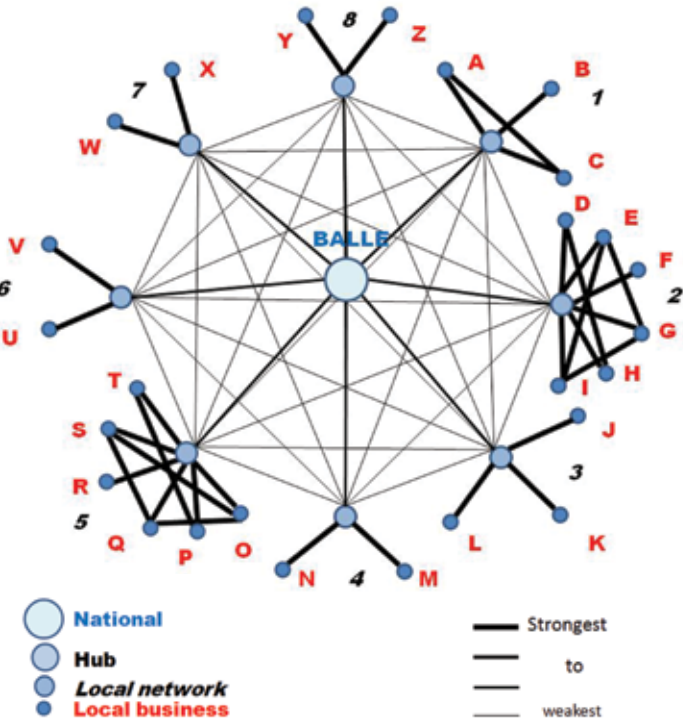
Figure 2 represents the original BALLE network structure. (None of these figures represent actual network data. They are representational only). Nodes are entities and edges are relationships. The strength of the relationship is represented by the thickness of the line.

In this configuration, the strongest relationships tend to lie on the edges within the local networks. Interaction between the local networks was encouraged but the only real opportunity for that was at the annual national conference so mainly, these relationships were the weakest. All relationships here were bi-directional. As the network grew, the relationships between the local networks and the national office were

weakening and the direction of the communication was becoming more strongly uni-directional from the national office to the local networks. The local networks increasingly felt that they were not being heard and not being supported.

In the reorganisation of the network in 2009–2010, the national office looked at the overall network and identified four very strong and active local networks in each of 4 geographical regions. These networks were approached to see if they felt it would be possible for their organisations to support acting as a regional hub to facilitate communication, and provide additional networking and programming possibilities.

Figure 2
BALLE initial state



All of them agreed. The resulting network is represented in Figure 3.

The kind of relationship that has now matured in the BALLE networks is strong and dynamic. The businesses and local networks have been able to work together in the hubs to find common needs such as preparing to talk to local governments and local economic development councils, educating the public on the value of local ethical business ownership, locating capital sources for new and growing businesses, and developing tools for measuring environmental and social impact. The hubs are in much better positions to be able to identify best practices for both businesses and networks. The national office now has much more time and resources to develop the materials for the businesses and networks minimising duplication of effort.

There are other real advantages in these kinds of social networks. These include fostering collaboration, providing support, providing mentoring and other educational opportunities, and opportunities for sharing resources. Local businesses have been able to build local events promoting the support of locally owned businesses and developing local, neighborhood business centers. By linking similar businesses together through the local networks and the regional hubs, mentoring has been made available to newer businesses or businesses in need of particular expertise. Businesses have been able to share best practices in their drive to be socially and environmentally responsible. A number of the networks have been able to build alternative currencies that help provide them with safety nets as they compete with large national and international corporations.

This densely linked networking is providing these business leaders, network leaders and community leaders with education on the fly and sharing the newest workable methods as they are developed. The national network assists in the provision of broad-based research and technical assistance when it is requested. The extreme cross-linking provides stability to the network that cannot be easily damaged by the loss of any single relationship or entity.

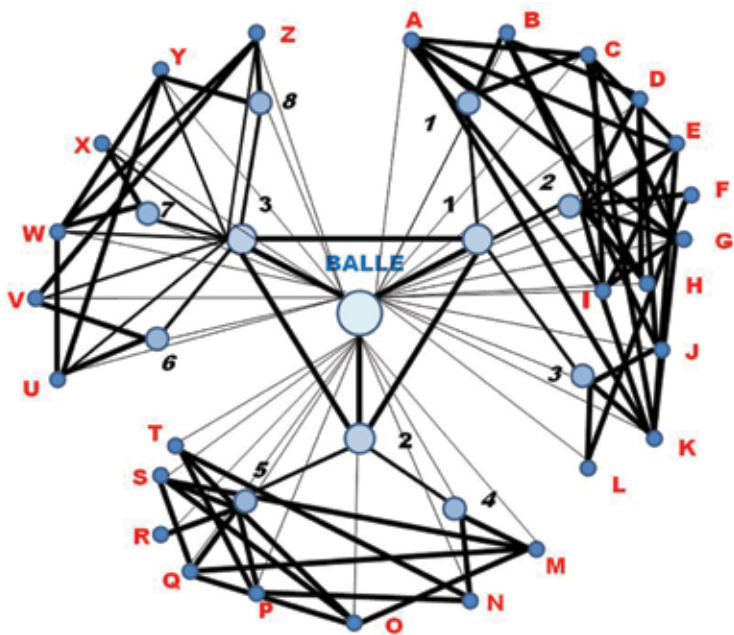


Figure 3
BALLE current state



“Businesses have been able to share best practices in their drive to be socially and environmentally responsible. A number of the networks have been able to build alternative currencies that help provide them with safety nets as they compete with large national and international corporations.”

8. http://www.sevenpillarhouse.org/index.php/article/a_vision_of_holarchy

One thing that is not seen on these charts is the even more extensive social networks of the entrepreneurs, their staff, and the local communities that each of these businesses has fostered. When solving problems, it has been demonstrated that those people who are the most connected to diverse networks provide the most creative solutions.

In more theoretical terms, this network demonstrates the characteristics not of a hierarchy but of a holarchy. In the traditional hierarchical model, authority and morality are diffused downwards from the top. In the newer idea of a holarchy, networks are nested within one another, and authority and morality emerge from each ‘holon’ rather than from the top. A holarchy has the attributes of a self-emergent system which is one based on the biological organism and thus has the potential for re-creation, rather than on the machine-model of the universe, where the machine needs both a designer, and also fuel. According to Spangler, the characteristics of a holarchy are that: ‘It honors each participant and looks not to their relative ranking as in a hierarchy, but to what they can contribute by virtue of their differences. Thus in a hierarchy, participants can be compared and evaluated on the basis of position, rank, relative power, seniority and the like. But in a holarchy each person’s value comes from his or her individuality and uniqueness and the capacity to engage and interact with others to make the fruits of that uniqueness available’.⁸

These are the principles of systems thinking, where, rather than unbridled growth for the benefit of the few, the new arrangement confers equal and negotiated benefits for the sake of the whole – and thereby for the existence of the whole. Since responsibility begins at local and grassroots level, it is much easier for these to collaboratively develop principles of moderation, reasonableness and sufficiency as drawn out in the Sufficiency Economy model.

Pathways to the future: sufficiency economy, sustainability, and education

Intensely cross-linked social networks, such as the one developing with the extended BALLE networks, create a space for a more integrated development model. By rebuilding community connections that have been fractured in the current economically driven, competitive model, they create communities that are able to work together to develop their neighbourhoods and re-take control of the institutions (social, political, and educational) that they abandoned in the competitive focus on self. The cross-linked connections provide a path for quicker dissemination of information and values and the community mechanisms for the reinforcement and accountability to strengthen them.

The ethics that we see in these businesses combined with the new community links provide a new level of support, community protection, and physical, social, and economic safety. With the change in emphasis from competitive businesses maximising profit to cooperative, democratic businesses where the emphasis is on making a living and being a part of a strong community, the values that are generated are precisely the necessary and sufficient conditions for the Sufficiency Economy philosophy.

These networks aid in the development of sustainability in a number of ways. The networks build a community of like-minded individuals to provide moral as well as technical support as ways are developed to measure and improve TBL value production. These networks provide efficient ways to disseminate knowledge and new information very quickly.

In a strong community, morality is much easier to foster as the accountability is a part of community. Community builds the support system that helps provide a self-immunity system in any setting but particularly in an urban setting. Moderation and reasonableness are directly related to reflecting nature and conducting our lives with perseverance, harmlessness and generosity. These networks allow us to more easily build local knowledge that can increase our understanding so that we are more able to do thorough planning and careful application of our new knowledge in the implementation of those plans.

These networks have been intentionally designed to be learner-centered. The local, regional, and national networks are set up to provide information and materials that the people at the most grassroots level have identified are necessary to change and improve their businesses, economies, and communities.

In 2009 there were 27.5 million businesses in the US and 83% of those businesses are SMEs. About 55% of all jobs in the private sector are in SMEs. Over the last decade, small business have generated between 60 and 80% of net new jobs annually.⁹ Most innovation is found in smaller companies that bigger ones because of the increased flexibility of small business.

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9. The US Small Business Administration, <http://www.sba.gov/advocacy/7495/8425>, 11 September, 2011 (First sentence in that paragraph)

Holarchic educational structures

The central importance of small business to our societies would lead us to believe that we need to investigate this networking model in terms of how we structure education. The hierarchical, authoritarian structure in our current educational models is stamping out clones based on all of the old economic models to work in big companies.

We have focused on the structures of sustainable businesses, and the promise of growth in the future. It would seem that our educational structures may also need to change to reflect this. Otherwise, 'top-down' knowledge and moral teachings will not be appropriate to create innovation and jobs in the 21st century. This requires that business schools move both their style of delivery and content to a more 'holarchic' type of structure and values. One way in which this may happen is through the partnership of educational institutions with businesses, and different working relationships of both staff and students with local business as shown in this issue of *Interconnections* (pp. 66–72). It is also happening in business schools that are making connections with the localities in which they are working, and in the transfer of students to internships, so that they begin to learn the values on the job. However, as we seen above, the values of any business emerge from the actual work, and thus it would seem that educational establishments need far more closer relationships with action, and this will require some re-organisation of the way in which knowledge and information is both delivered and created. To be truly sustainable, it will, above all, require the abilities to negotiate difference, and make relationships so that something can emerge from the collaboration. This, in our view, should be the overriding aim of business education in whichever context it is applied.